

Fixed Income Insights

MONTHLY REPORT | NOVEMBER 2024

CANADA EDITION

More Canadian yield de-coupling from US

Higher Canadian yields in October and curve steepening, despite a 50bp BoC cut, appears a paradox, but Canadian yields de-coupled further from the sharp rise in US yields. Increased fiscal activism in the UK and China signals a shift away from reliance on lower rates, driving G7 term premia higher, on issuance fears. Credit remains in a sweet spot, notably BBBs, gaining from lower rates, improved growth prospects and high outright yields.

Macro and policy backdrop – US and Canada projected to grow 2%+ in 2025

The IMF's October forecasts show wide dispersion with growth dipping in the US and China, rising in Europe and Japan, and doubling in Canada. (page 2)

Canadian govts – Canadian curve disinverts and returns to pre-Covid structure

Canadian 10/2 and 20/2 curves have disinverted and assumed pre-Covid shape, after the BoC reduced rates by 50bp and longer yields rose at month-end. (page 3)

Canadian credit – Long Canadian corporate yields prove attractive Long Canadian IG credit still yields near 5%, despite BoC rate cuts in 2024. (pages 4-5)

Global yields and spreads – G7 curves bear steepen as term premia rise

ECB and BoC rate cuts did not prevent long yields from rising in October. (pages 6)

Sovereign and climate bonds – Quality matters ESG WGBI has higher credit quality vs WGBI, implying more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts. (page 7)

Performance – Long Canadian corporates among top performers Long BBB Canadian corporate bonds saw returns close to 20% over 12 months, and only exceeded by higher returns in long China and peripheral Eurozone sovereigns. (pages 8-10)

Appendix (from page 11) Canadian and Global bond market returns, historical bond yields, durations and market values and foreign exchange returns.

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Chart 1: Yields increased most sharply in the US and UK in October, as stronger economic data weighed on US Treasuries. Canadian 7-10 year yields were pulled higher by US yields but moved much less.

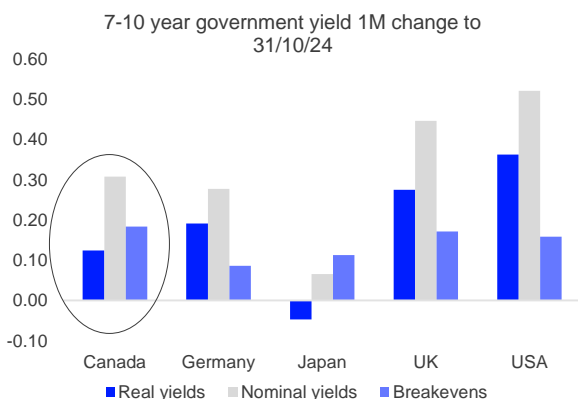
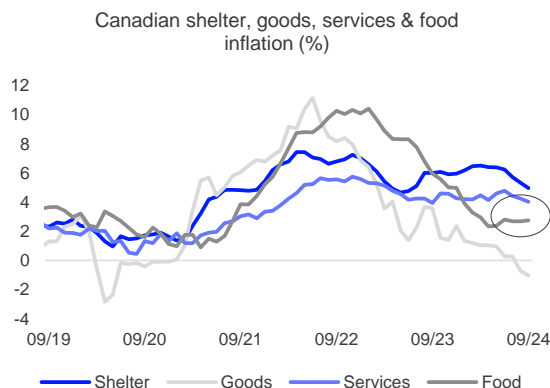


Chart 2: On the BoC radar? Canadian services and shelter inflation are finally easing, despite exceeding pre-Covid levels. By contrast, the decline in food inflation has stalled, with pricing modestly ticking up in October.



Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Macroeconomic Backdrop – Growth and Inflation Expectations

Most major economies have averted recessions in 2024, but IMF projections point to significant differences in regional economic growth, notably in the medium term. Markets have shifted attention from inflation to growth, but stagflation risks have increased with heightened geopolitical tensions, and the risk of more tariff wars, pending the US election results. The BoC capitalised on lower energy, shelter, services and aggregate inflation, to accelerate easing in October.

The IMF's October report highlighted differences in the regional growth forecast for 2025. China's growth outlook remains uncertain, despite the announcement of a sizeable stimulus package to repair its property market and reverse weak economic growth (with details still awaited). Robust US growth is forecast to soften in 2025, while in the UK, Eurozone and Japan, growth is expected to recover from low levels. Canadian growth is forecast to double to 2.4% in 2025-26 (Chart 1).

As Chart 2 shows, G7 disinflation continues, after the 2022-23 policy tightening squeezed growth, and helped by lower energy, shelter, food and service prices. Canadian CPI inflation fell to 1.6% y/y in September, below the 2% target, and its lowest level since February 2021. Elsewhere, despite a modest uptick in October to 2.0% y/y (from 1.7% y/y in Sept.), Eurozone CPI remains within target. US inflation remains above target, however, mainly due to stronger growth and services inflation of 4.7% y/y,

Some central banks were able to ease monetary policy further in October, due to disinflation. China reduced its 1-year loan prime rate (corporate/household loans benchmark), by 25bps to 3.1%, and the 5-year rate (mortgage reference), to 3.6%. Notably, the BoC accelerated its cuts to 50bps (from 25bp) to 3.75%, suggesting some concern about recession risks. In the Euro area, the ECB cut rates by 0.25% to 3.4%, for the second successive meeting (Chart 3). The weaker October payroll report gives the US Fed room to ease a further 25bp on November 7th, though GDP growth of 2.8% in Q3 means the Fed could wait.

Lower oil prices in October and the rise in the gold-copper ratio highlight a nexus of slower growth, and higher geopolitical uncertainty. However, falling oil inventories, and OPEC's decision to delay production increases, may support the oil price (Chart 4).

Chart 1: The IMF global economic projections for 2025 are mixed: China & US are forecast to slow, while the Eurozone, UK & Japan to grow faster from a low base; and Canada, to double 2024 GDP growth.

Chart 2: Rates - too tight for too long? G7 inflation has been tamed successfully, but deflation risks may be building in some regions, like the Eurozone. Sub-target Canadian inflation is in line with BoC expectations.

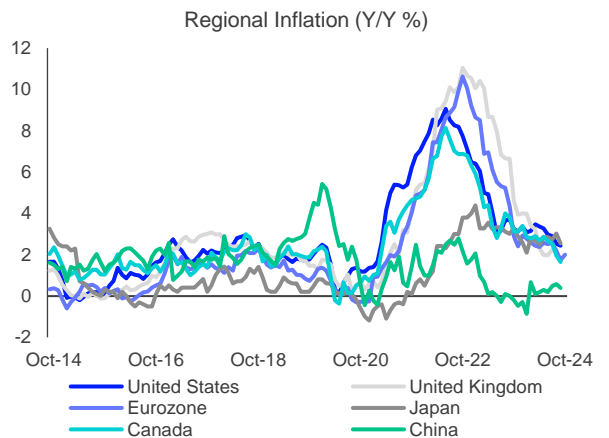
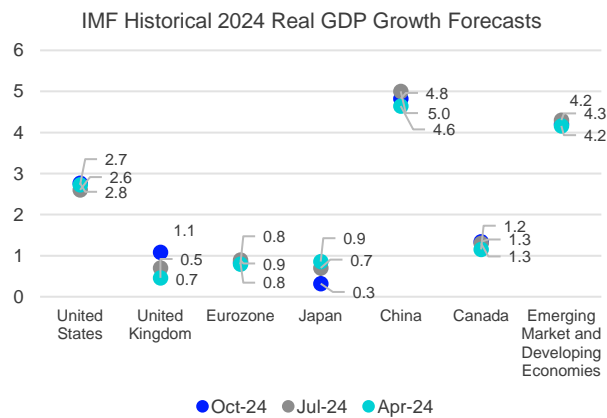
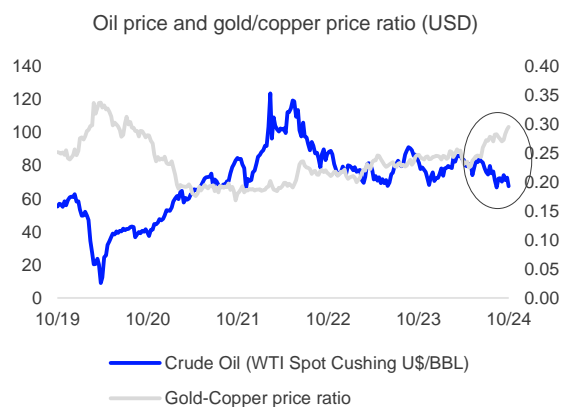
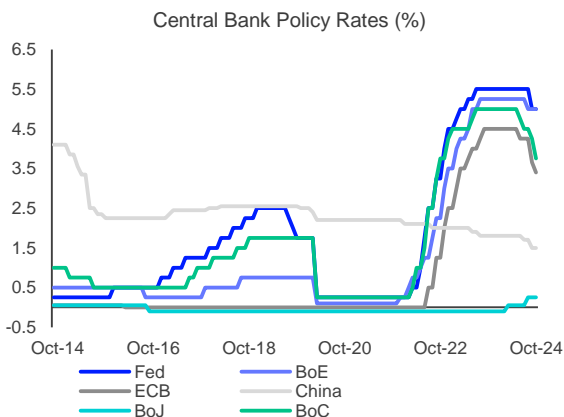


Chart 3: The BoC has accelerated the pace of rate cuts in October, with a much more aggressive 50bp compared to an initial gradualist approach of three 25bps reductions, after inflation fell sharply to sub-target levels.

Chart 4: Both the decline in the oil price in October and the gold-copper ratio indicate a slowdown in global economic growth, and heightened uncertainty from rising geopolitical tensions.



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Canadian Governments, Provinces and Municipalities

Chart 1: The Canadian curve has returned to pre-Covid levels in October, with the 10/2s and 20/2s curves both firmly positive, after the BoC cut rates by 50bp but longer yields rose at month-end.

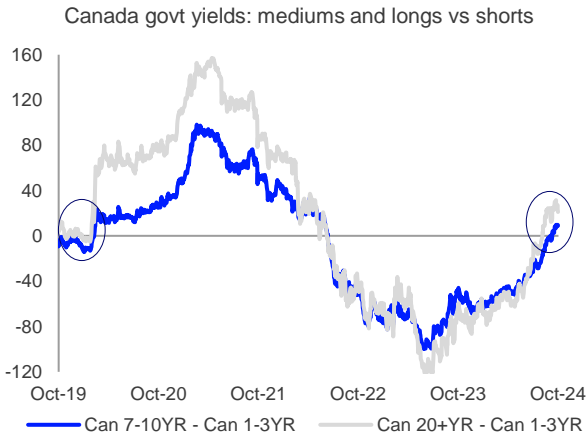


Chart 2: October was a volatile month for bond markets. 7-10yr Canadian spreads vs US & UK fell by 34bp & 20bp to ~110bp, as US & UK yields backed up in response to buoyant US growth and higher gilt issuance fears.

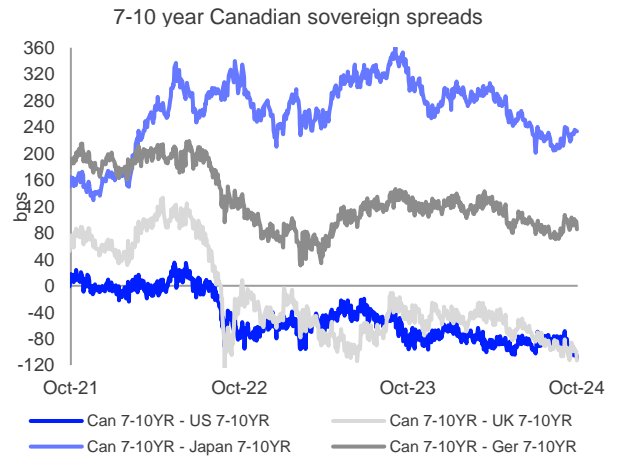


Chart 3: The flatlining of Canadian real yields is a little surprising given lower rates and growth. Long Canadian yields may have followed the back-up in US Treasuries, despite faster rate cuts.

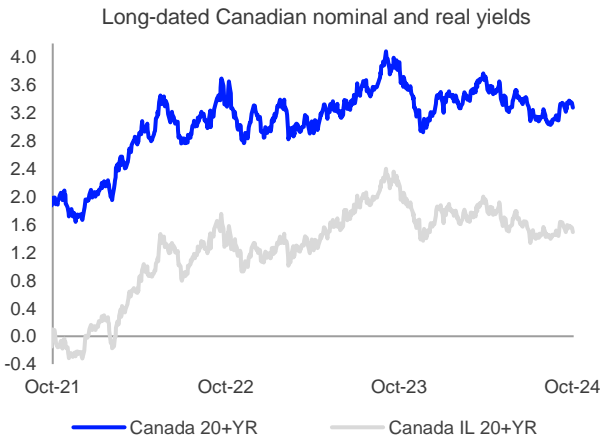


Chart 4: Regional growth and inflation differentials are clearly highlighted in inflation breakevens, with German spreads lower in October, compared to the US, Canada and the UK, where expected growth is higher.

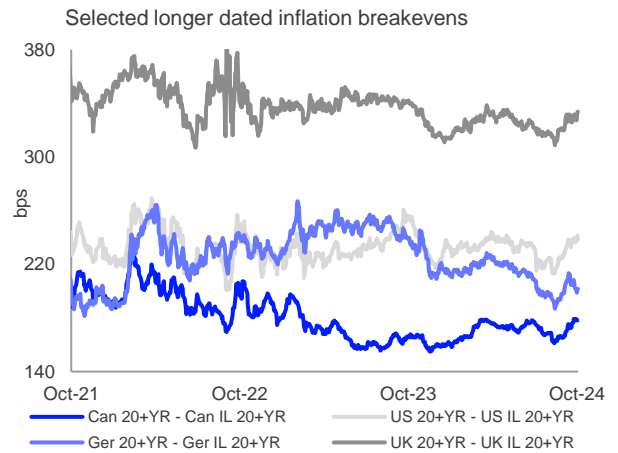


Chart 5: Alberta spreads have de-synchronized from peers, with markets differentiating between its low projected debt/GDP ratios of 9.3% in 2024-25 compared to a higher 39-40% for Quebec & Ontario.

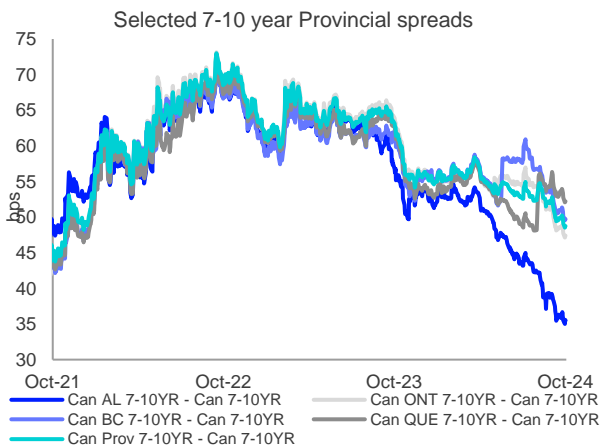
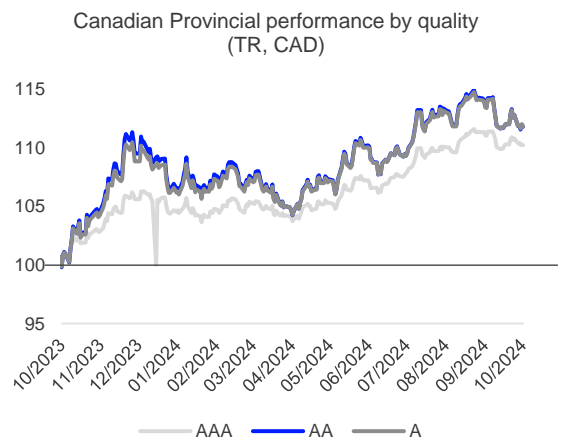


Chart 6: The performance of Canadian Provincial bonds reversed in October, led by Ontario and Quebec, which represent nearly 70% (41% & 28% respectively) of the Provincial debt market.



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Canadian Investment Grade Credit Analysis

Chart 1: Long Canadian IG corporates fell sharply after the monetary tightening in 2022, but recovered strongly over the last 12M, helped by lower rates and the correlation to Canadian govt. yields.

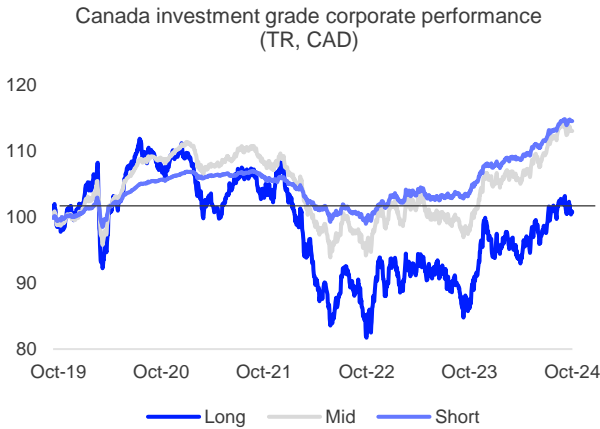


Chart 2: Long Canadian IG bond maturities still provide an average yield of 5%, despite 1.25% of rate cuts in 2024. The yield pick-up of Mids vs Shorts is only 6bp, with both yields close to 4%.

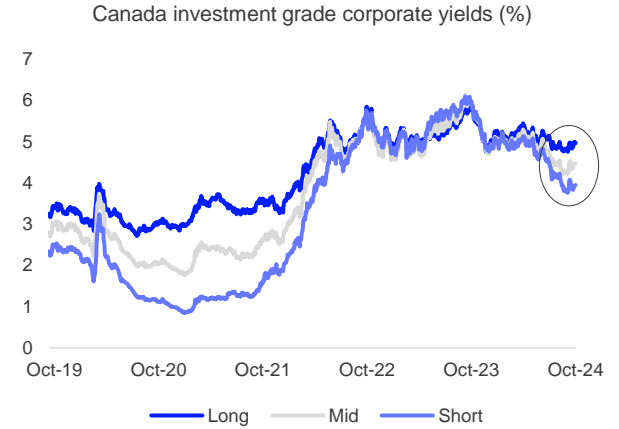


Chart 3: Segmenting Canadian investment grade bond returns by Quality, since 2021, shows minor performance differences, except for A-rated corporates, which have lagged peers.

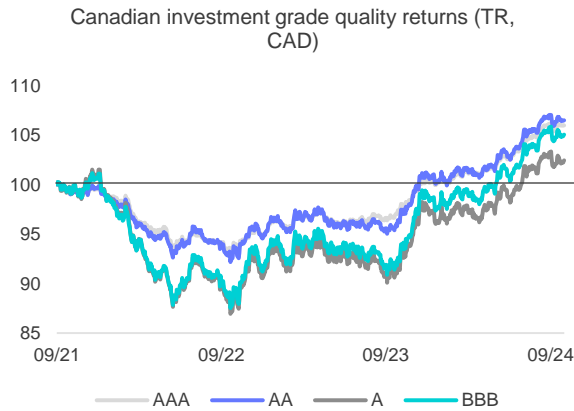


Chart 4: Quality matters again - Canadian IG AAA/AA spreads have fallen the most since 2021 and are today lower than A credit spreads, following a brief period of convergence in 2022.

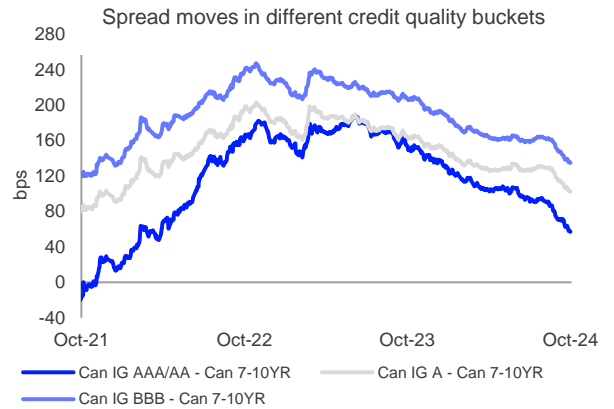


Chart 5: Most Canadian industries have recovered since Covid, except Canadian infrastructure, which still lags other sectors. Financials are 37% of the universe, and up ~13% since 2019.

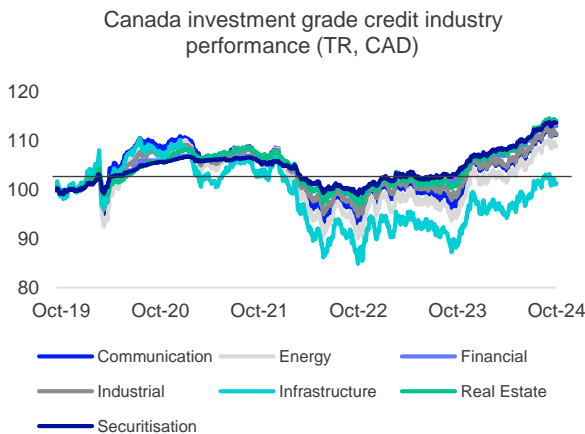
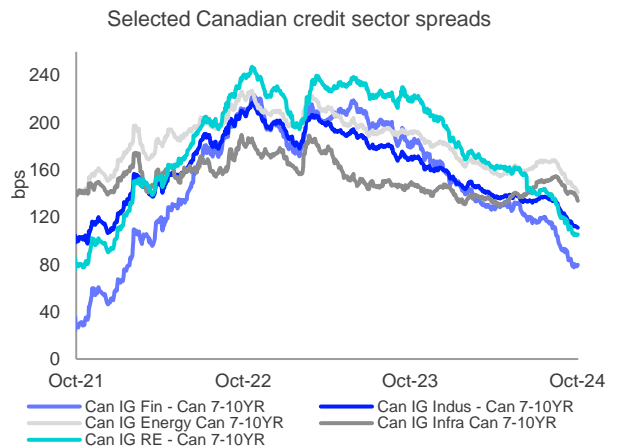


Chart 6: Canadian Financial spreads have tightened the most since 2021, benefiting from the period of higher rates, while infrastructure spreads have remained mostly at the same levels.



Canadian High Yield Credit Analysis

Chart 1: Heightened uncertainty over the US elections pushed yields on US credit higher, unlike Canadian equivalents, which benefitted from lower BoC rates, despite the back-up in longer dated govt bonds.

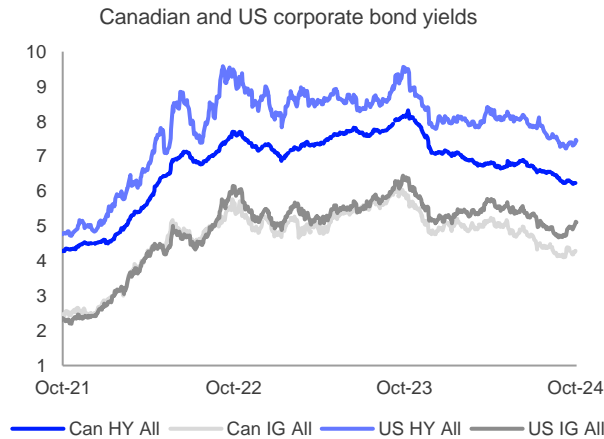


Chart 2: Canadian and US 7-10 year high yield spreads have nearly converged in October, following stronger US economic data, resulting in only a 20bp difference in spreads, after US yields rose in October.

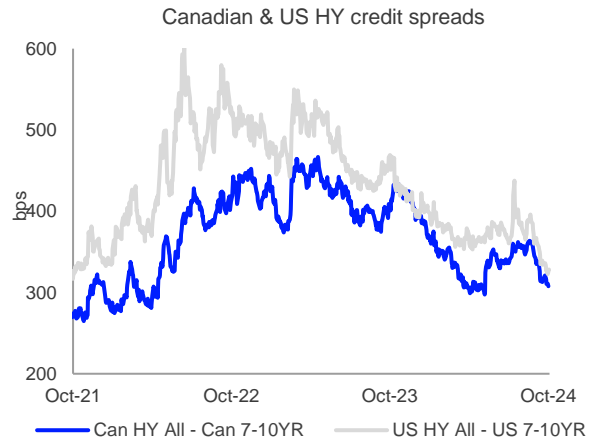


Chart 3: Canadian HY energy gains have continued, despite oil prices drifting lower for much of October. Gains from real estate and industrials have been similar, both helped by lower BoC rates.

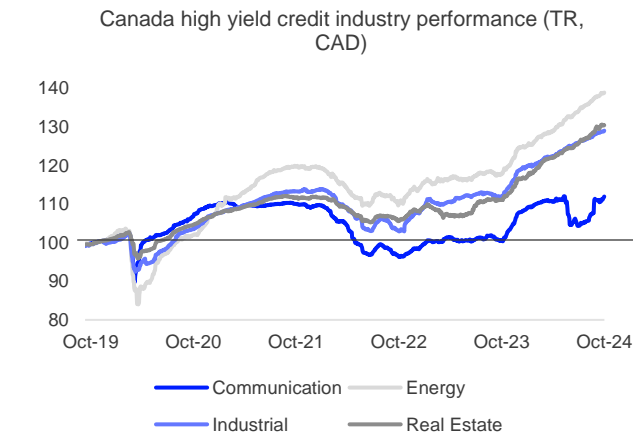


Chart 4: Canadian energy issues represent about 47% in the HY universe, reflecting the importance of the sector. Industrials have a weight of 24% in HY, while real estate has a weight of just over 10%.

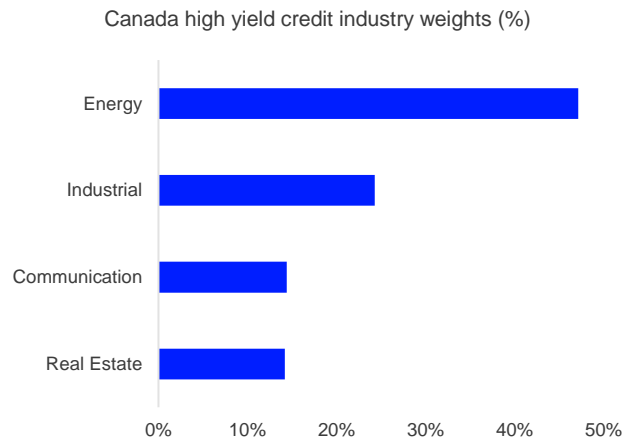


Chart 5: The Canadian HY communication sector yield fell to around 8% (from ~9% due to the Corus downgrade), while yields in other sectors have dipped lower to a yield of ~5-6% in October.

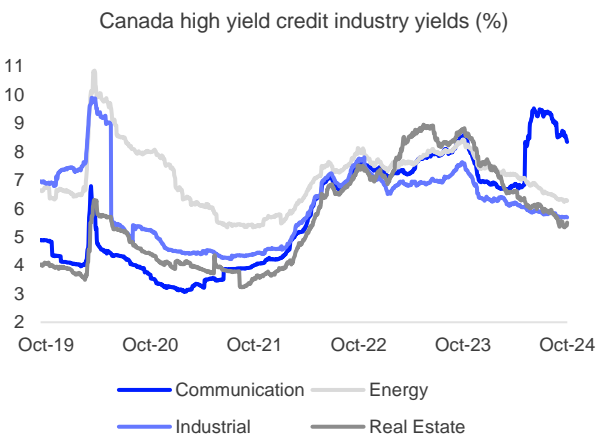
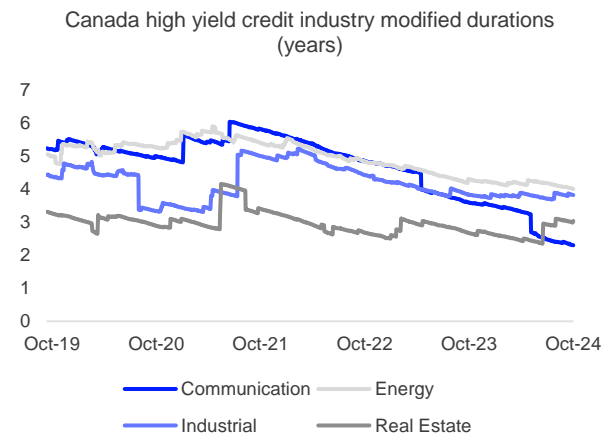


Chart 6: Real estate HY credit duration has risen in October and is now longer than the communication sector, which has fallen to about 3 years. Shorter duration in HY gave the sector protection during 2022-23.



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Global Yields, Curves and Breakevens

Chart 1: G7 yields rebounded in October, led by US Treasuries and UK gilts, as US growth strengthened and gilt funding fears emerged ahead of the UK budget. Bund yields moved less after ECB easing.

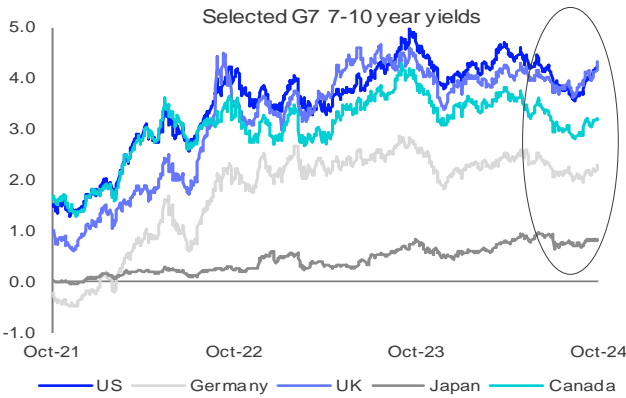


Chart 2: Real yields followed nominal yields higher, led by US TIPS. Eurozone and UK real yields moved less, after ECB easing, and with gilt funding fears focused on conventional bonds.

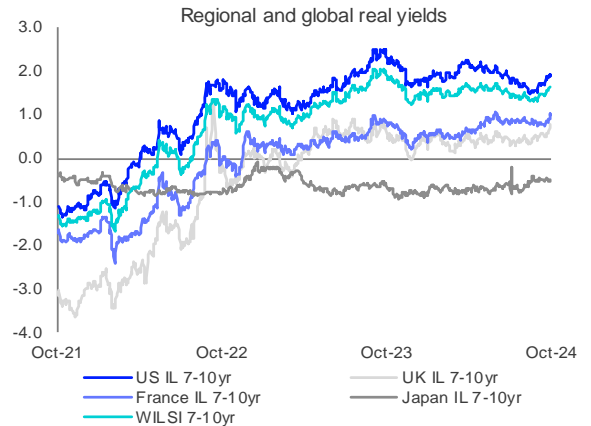


Chart 3: Yield curves disinverted in 2024, as central bank easing drove short yields lower, versus longer maturities. The Canadian curve has disinverted the most, as the BoC continues to ease more than the Fed.

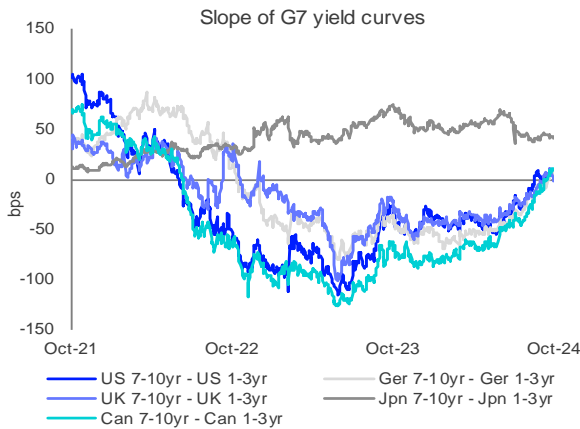


Chart 4: Yield curves have steepened a bit more in longs, than mediums, reflecting increased issuance fears, although moves are similar. The JGB curve has steepened most, as curve control ended.

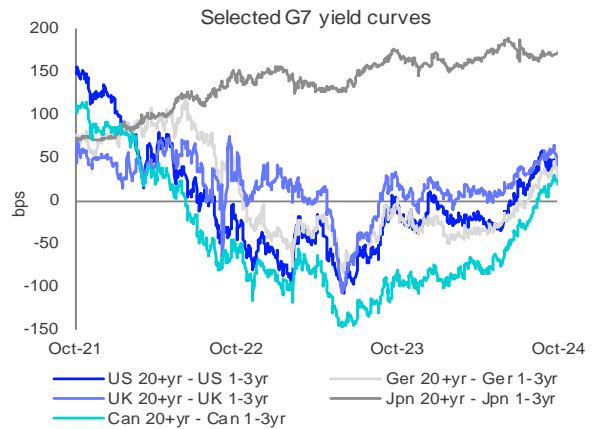


Chart 5: Inflation breakevens moved higher in October, as nominal yields proved more sensitive to the US growth rebound and sticky US inflation. ECB easing restricted the move in Eurozone breakevens.

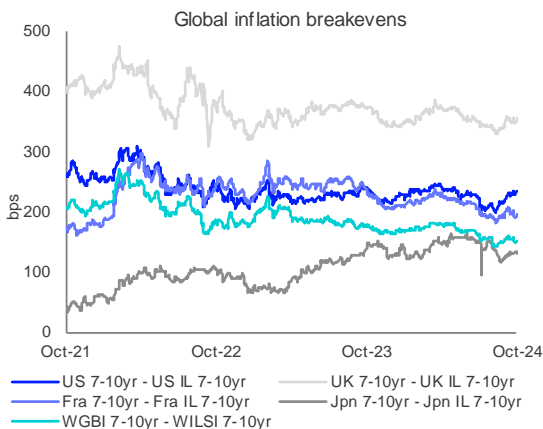


Chart 6: Globally, breakevens remain near cycle-lows, helped by lower oil prices, even if they rebounded in October. Short breakevens also remain below medium and long, as they did in the lowinflation regime, pre-Covid.



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SI Sovereign Bond Analysis

Chart 1: Absolute returns for the SI Sovereign indices have been strong over 1 year and roughly in-line with WGBI returns, due to central bank easing and lower interest rate expectations.

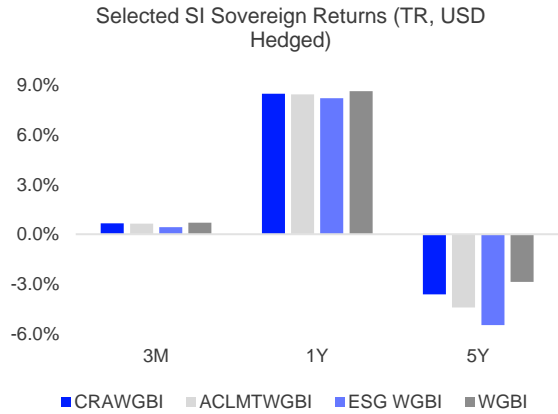


Chart 2: Relative SI Sovereign performance has been mixed over both 1Y and 3M, as the benefit of higher duration in a falling rate environment was offset by SI yields falling less than those of WGBI.

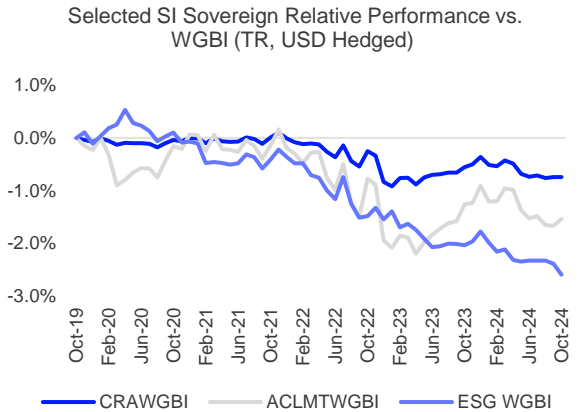


Chart 3: The ESG WGBI has a modest US overweight, while the climate indices are both underweight the US in favour of European sovereigns. Country allocation has led the recent relative performance.

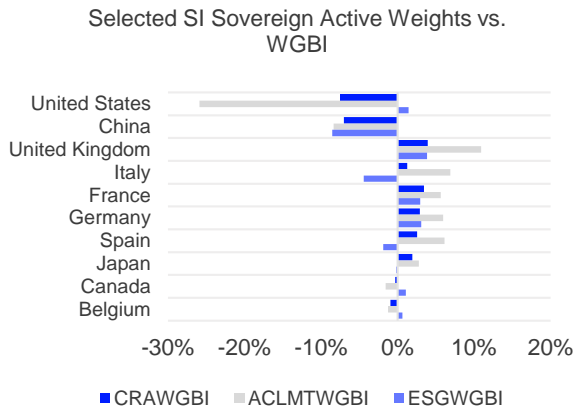


Chart 4: The ESG WGBI vs WGBI has a clear quality bias, implying that more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts.

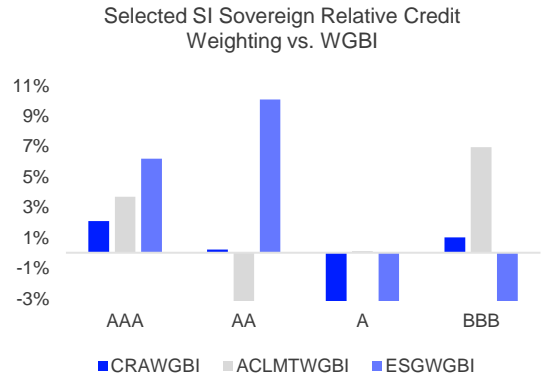


Chart 5: SI sovereign yields vs WGBI have risen over the last two years. The higher US yield increase vs Europe led to a fall in the Adv. Climate yields vs WGBI in October due to its large US underweight.

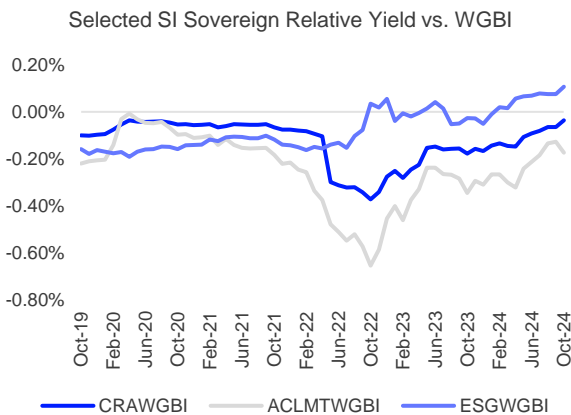
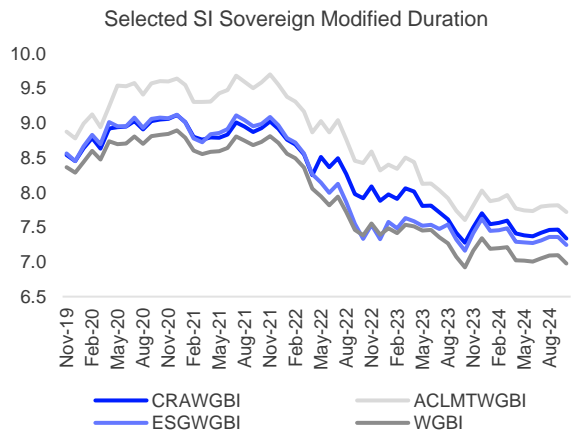


Chart 6: Despite falling over the last 3 years, there have been no major change in duration for any of the indices over 12 months. The SI Sovereign indices have a positive active duration vs WGBI currently.



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Global Bond Market Returns – 1M & YTD % (CAD, LC, TR)

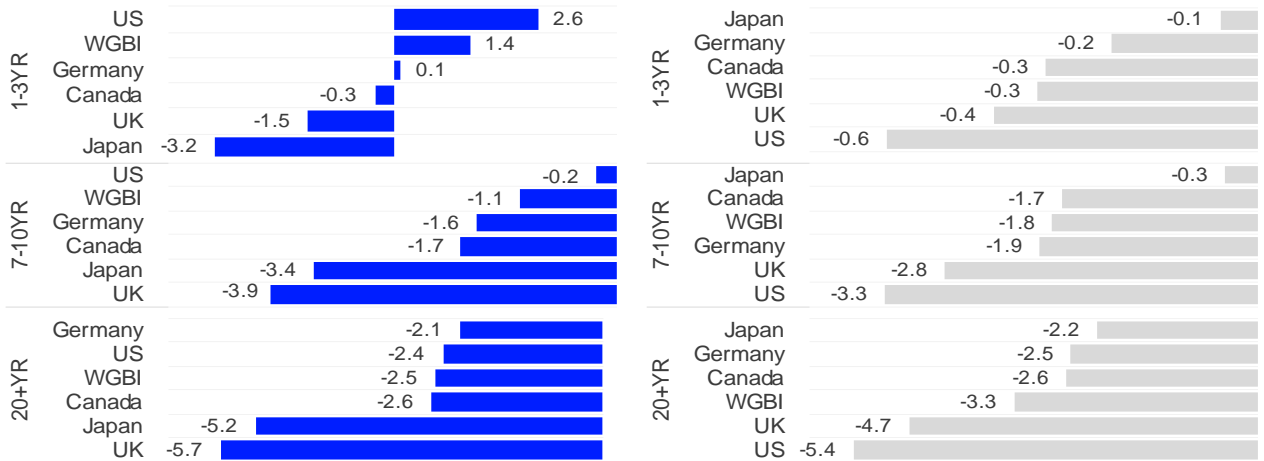
Stronger US economic data released in October drove negative returns in G7 government bonds, led by longs, despite BoC and ECB easing. Longer Canadian gov. bonds lost 3%, underperforming Treasuries, in Canadian dollars. JGBs fell as the yen lost 3% vs CAD (see page 16) on adverse rate differentials. Gilts were down 2-6% on higher issuance fears.

In a reversal of Q3 gains, most G7 government bonds fell back in October, as markets re-priced a slower Fed easing cycle, after unemployment fell and GDP grew by 2.8% in Q3. US losses in Canadian dollars were reduced by the strength of the US dollar. Returns for Canadian government bonds were negative across maturities, though BoC easing mitigated losses in shorts.

The extra duration in long gilts, and issuance fears, drove losses of ~9% YTD, even if offset by sterling strength. JGB losses of 12% in Canadian dollar terms YTD dwarfed losses elsewhere, reflecting higher rates and the end of curve control.

CONVENTIONAL BONDS

1M CAD 1M LCY

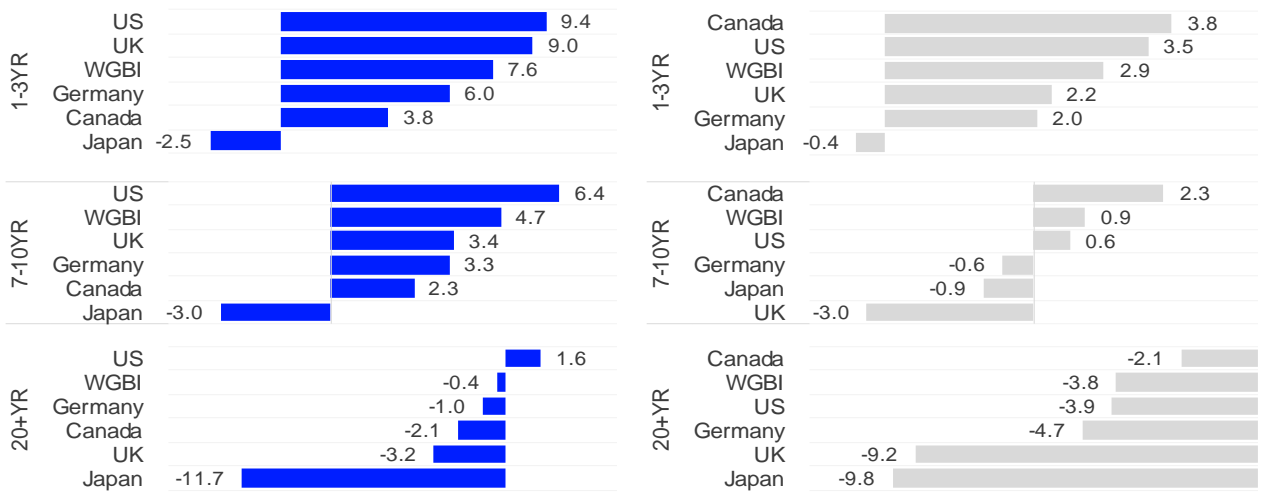


INFLATION LINKED

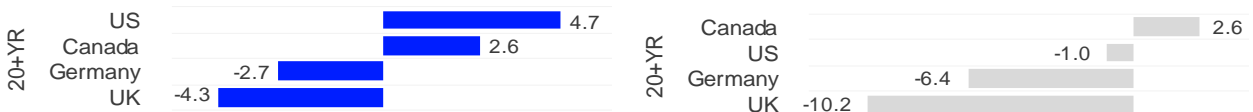


CONVENTIONAL BONDS

YTD CAD YTD LCY



INFLATION LINKED



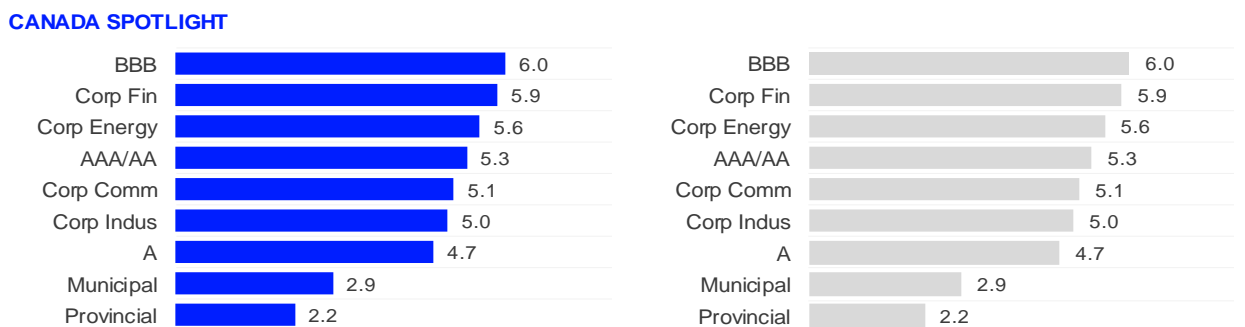
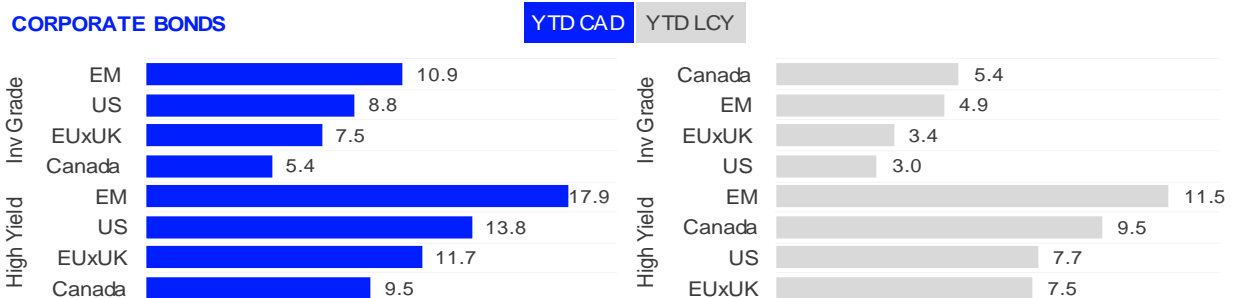
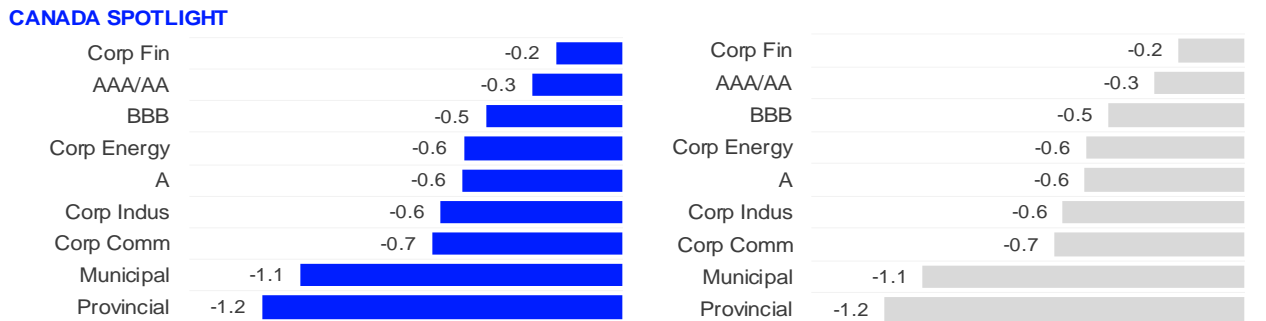
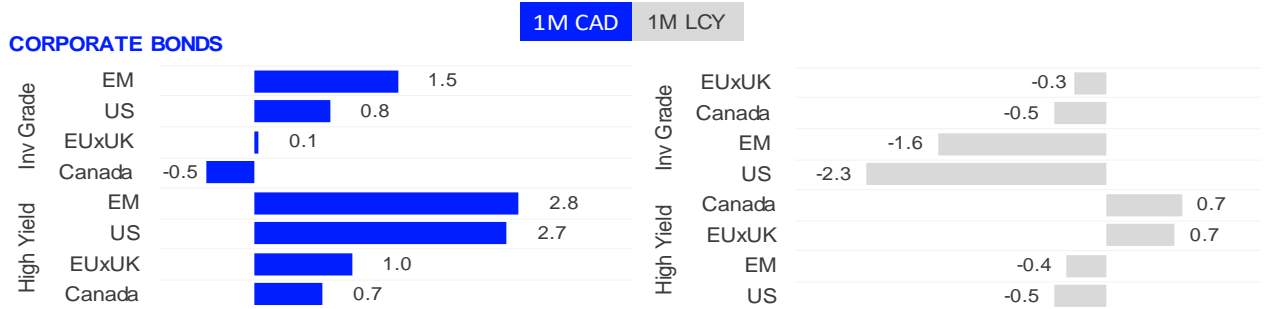
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Canadian and Corporate Bond Returns – 1M & YTD % (CAD, LC, TR)

Canadian corporates were broadly unchanged in October, though underperformed EM and US credit in Canadian dollar terms, as the USD rallied. Canadian HY credit outperformed IG corporates in both October and YTD, helped by the correlation to equities and the risk rally. Munis and Provis underperformed AAA corporates again in October.

Canadian IG returns were modestly negative in October, erasing some of the YTD gains. Higher quality AAAs and BBBs outperformed As, and munis and provis, which lost 1%. Canadian BBB corporates, up 6%, remained top IG performers YTD.

Credit drifted lower in October in local currency terms, except for Canadian and Euro high yield credits. However, US, EM and Euro credit returns improved due to currency moves. HY credit remains the best performer YTD, with gains of 10-17% in Canadian dollars, and has not suffered from being the least interest rate sensitive asset, due to the risk rally.



Indices used: FTSE Canada Corporate Bond Index (AAA/AA, A, BBB, Financial, Communication, Industrial, Energy, Overall), FTSE Canada High Yield Bond Index, FTSE Canada Provincial Bond Index, FTSE Canada Municipal Bond Index

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Top and Bottom Bond Returns – 1M & 12M % (CAD, TR)

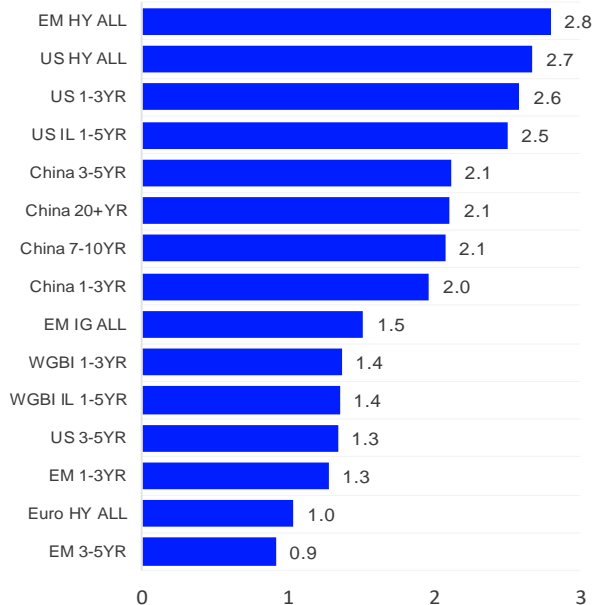
EM and US high yield credits, Chinese govts and short US Treasuries led performance in Canadian dollars in October. On 12M, however, long Italian, Spanish, Chinese, EM HY and NZ government bonds have gained between 16-28%. Long Canadian corporates, especially BBBs, also appear near the top of the performance table.

The Q3 bond market rally stalled in October, as stronger US growth caused a re-pricing of Fed easing prospects, and the dollar recovered. Asian Pacific bond markets suffered the biggest losses, led by Australian government bonds, down 4-11% in CAD.

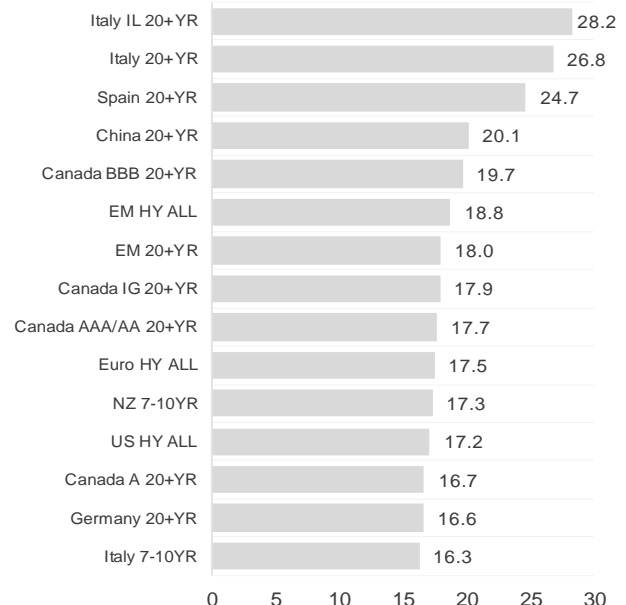
12M returns show a different picture. Central bank easing drove strong returns of 16-28% in long Euro sovereigns and 17-18% in EM/Euro/US high yield credits in Canadian dollars. Long Canadian corporates also gained 17-20% over the year. However, EM inflation linked bonds and JGB returns suffered from weak currencies and weaker growth.

1M CAD 12M CAD

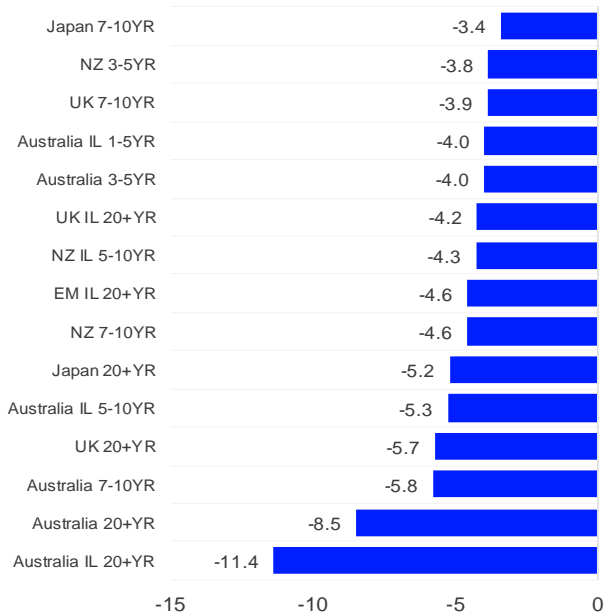
Top 15



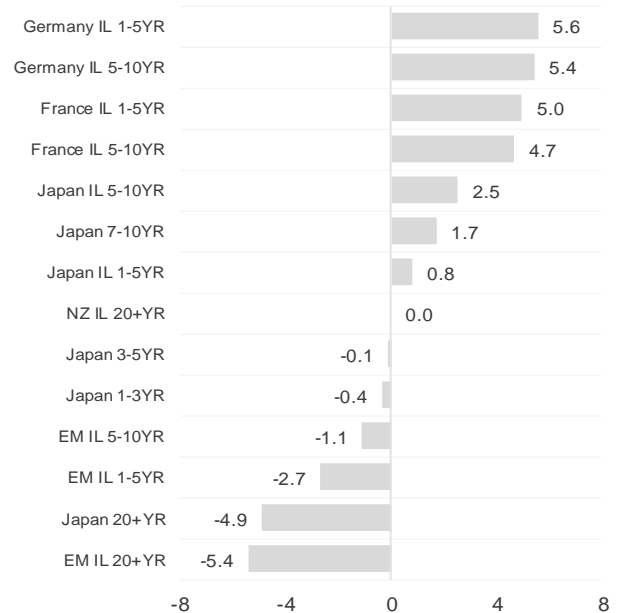
Top 15



Bottom 15



Bottom 15



Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Canadian Bond Market Returns % (CAD vs USD, TR) – Oct 31, 2024

Government and corporate bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		3M		6M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
Government	1-3YR	1.40	0.72	4.12	2.61	3.85	-1.77	6.60	6.17
	7-10YR	0.98	0.30	6.26	4.73	2.33	-3.21	10.21	9.76
	20+YR	0.95	0.28	9.02	7.45	-2.06	-7.36	14.23	13.76
Inflation-Linked	20+YR	0.75	0.08	8.47	6.90	2.57	-2.98	13.45	12.55
Corporate	1-3YR	2.06	1.38	5.41	3.89	5.98	0.25	10.23	9.77
	7-10YR	2.29	1.61	7.45	5.90	6.19	0.45	14.95	14.48
	20+YR	2.65	1.97	8.86	7.29	3.39	-2.19	17.92	17.44
AAA/AA	1-3YR	1.98	1.30	5.21	3.69	5.55	-0.16	9.77	9.32
	7-10YR	2.08	1.40	7.09	5.54	6.04	0.31	13.90	13.44
	20+YR	1.85	1.17	8.71	7.15	0.06	-5.35	17.68	17.20
	All	1.98	1.30	5.51	3.99	5.34	-0.36	10.46	10.01
A	1-3YR	2.00	1.32	5.26	3.74	5.80	0.08	9.90	9.45
	7-10YR	1.99	1.30	7.02	5.48	5.30	-0.40	13.63	13.17
	20+YR	2.49	1.81	8.49	6.93	2.43	-3.11	16.70	16.22
	All	2.14	1.46	6.42	4.88	4.73	-0.93	12.30	11.84
BBB	1-3YR	2.17	1.48	5.67	4.14	6.35	0.60	10.81	10.35
	7-10YR	2.44	1.75	7.67	6.12	6.62	0.86	15.64	15.16
	20+YR	2.93	2.24	9.40	7.82	4.91	-0.76	19.67	19.19
	All	2.42	1.73	7.04	5.50	6.05	0.31	14.12	13.65
Sectors	Comm	2.35	1.66	7.18	5.63	5.11	-0.57	14.68	14.21
	Energy	2.61	1.92	7.61	6.06	5.59	-0.12	15.28	14.81
	Fin	2.05	1.36	5.55	4.03	5.90	0.18	10.73	10.28
	Indus	2.12	1.44	6.63	5.09	4.99	-0.68	12.71	12.25
	Infra	2.22	1.54	7.74	6.19	3.35	-2.24	14.79	14.32
	RE	2.36	1.68	6.38	4.84	6.77	1.00	12.54	12.08
	Secur	2.08	1.40	5.11	3.59	6.13	0.39	9.74	9.29
Provinces (All)	1-3YR	1.60	0.92	4.79	3.28	4.38	-1.26	7.76	7.32
	7-10YR	1.52	0.84	7.12	5.58	3.73	-1.88	11.82	11.37
	20+YR	1.86	1.18	9.32	7.74	0.09	-5.32	15.44	14.97
	All	1.69	1.02	7.63	6.07	2.18	-3.34	12.58	12.12
Ontario	1-3YR	1.61	0.93	4.84	3.33	4.49	-1.16	7.80	7.36
	7-10YR	1.55	0.87	7.16	5.61	3.84	-1.78	11.90	11.44
	20+YR	1.88	1.20	9.31	7.73	0.28	-5.14	15.64	15.17
	All	1.68	1.00	7.51	5.96	2.40	-3.14	12.40	11.94
Alberta	1-3YR	1.67	0.99	4.91	3.40	4.51	-1.14	7.72	7.28
	7-10YR	1.59	0.92	7.14	5.59	3.87	-1.74	11.60	11.15
	20+YR	1.79	1.11	9.59	8.01	0.28	-5.14	16.10	15.63
	All	1.72	1.05	7.54	5.99	2.57	-2.98	12.60	12.14
Quebec	1-3YR	1.50	0.82	4.59	3.09	4.01	-1.61	7.69	7.25
	7-10YR	1.42	0.74	7.04	5.50	3.47	-2.12	11.86	11.41
	20+YR	1.83	1.15	9.24	7.67	-0.35	-5.73	14.94	14.47
	All	1.67	0.99	7.77	6.21	1.66	-3.84	12.72	12.26
BC	1-3YR	1.71	1.03	4.65	3.14	4.41	-1.24	7.23	6.79
	7-10YR	1.61	0.93	7.08	5.54	3.66	-1.94	11.55	11.09
	20+YR	1.87	1.19	9.02	7.45	-0.50	-5.88	15.08	14.61
	All	1.76	1.08	7.68	6.13	1.89	-3.61	12.67	12.21

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

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Appendix – Global Bond Market Returns % (CAD vs LC, TR) – October 31, 2024

Government bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-3YR	-0.58	2.59	1.30	1.98	3.53	9.44	5.76	6.20
	7-10YR	-3.33	-0.25	0.05	0.72	0.64	6.40	9.38	9.83
	20+YR	-5.41	-2.40	-0.42	0.25	-3.89	1.60	15.26	15.73
	IG All	-2.30	0.81	1.55	2.23	2.96	8.84	13.77	14.23
	HY All	-0.50	2.67	3.03	3.72	7.66	13.81	16.67	17.15
UK	1-3YR	-0.41	-1.51	0.62	1.52	2.23	8.99	4.38	11.04
	7-10YR	-2.79	-3.86	-1.79	-0.92	-2.97	3.45	5.05	11.76
	20+YR	-4.67	-5.72	-3.88	-3.02	-9.17	-3.17	6.73	13.54
EUR	IG All	-0.31	0.06	1.38	2.55	3.43	7.46	8.76	12.16
	HY All	0.66	1.04	3.05	4.24	7.50	11.69	13.91	17.47
Japan	1-3YR	-0.06	-3.16	-0.01	2.17	-0.37	-2.52	-0.18	-0.35
	7-10YR	-0.30	-3.39	1.11	3.31	-0.90	-3.04	1.90	1.73
	20+YR	-2.16	-5.20	-0.53	1.64	-9.78	-11.72	-4.72	-4.89
China	1-3YR	0.22	1.97	0.53	3.09	2.91	8.43	3.49	6.87
	7-10YR	0.33	2.08	0.48	3.04	5.51	11.17	6.82	10.31
	20+YR	0.36	2.11	0.99	3.56	12.17	18.19	16.33	20.14
EM	1-3YR	0.14	1.28	0.89	2.90	3.65	7.54	4.70	6.91
	7-10YR	-0.56	0.42	0.89	3.02	4.47	8.65	8.37	10.74
	20+YR	-0.48	0.72	1.37	3.58	10.04	14.84	15.14	17.97
	IG All	-1.61	1.52	1.80	2.49	4.91	10.90	12.86	13.32
	HY All	-0.38	2.80	2.84	3.53	11.50	17.88	18.27	18.76
Germany	1-3YR	-0.23	0.14	1.03	2.19	2.04	6.02	3.61	6.86
	7-10YR	-1.95	-1.58	0.19	1.34	-0.56	3.32	5.66	8.97
	20+YR	-2.50	-2.14	-0.04	1.12	-4.70	-0.99	13.10	16.64
Italy	1-3YR	-0.27	0.10	1.16	2.33	2.77	6.78	4.89	8.18
	7-10YR	-1.28	-0.91	1.76	2.93	4.17	8.22	12.74	16.27
	20+YR	-1.22	-0.85	2.80	3.99	5.73	9.85	22.92	26.77
Spain	1-3YR	-0.14	0.23	1.22	2.39	2.67	6.67	4.39	7.66
	7-10YR	-1.11	-0.74	1.24	2.41	2.36	6.35	9.89	13.34
	20+YR	-0.58	-0.21	2.46	3.64	2.84	6.84	20.88	24.67
France	1-3YR	-0.10	0.27	1.19	2.36	2.02	6.00	3.89	7.15
	7-10YR	-1.36	-0.99	0.33	1.49	-1.37	2.48	5.57	8.88
	20+YR	-1.01	-0.64	0.06	1.22	-6.77	-3.13	11.98	15.49
Sweden	1-3YR	-0.17	-2.42	1.15	2.70	3.39	2.94	5.19	10.29
	7-10YR	-1.13	-3.35	-0.12	1.41	1.33	0.89	9.54	14.85
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1-3YR	-0.46	-3.03	1.05	1.89	2.57	4.09	4.78	8.84
	7-10YR	-3.28	-5.78	-0.25	0.57	-0.07	1.41	8.29	12.49
	20+YR	-6.05	-8.47	-2.54	-1.74	-7.04	-5.67	10.95	15.25
NZ	1-3YR	0.17	-3.32	1.83	3.43	5.40	4.74	7.92	10.88
	7-10YR	-1.14	-4.58	0.80	2.38	3.31	2.66	14.18	17.31
Canada	1-3YR	-0.33	-0.33	1.40	1.40	3.85	3.85	6.60	6.60
	7-10YR	-1.75	-1.75	0.98	0.98	2.33	2.33	10.21	10.21
	20+YR	-2.57	-2.57	0.95	0.95	-2.06	-2.06	14.23	14.23

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Appendix – Global Bond Market Returns % (CAD vs LC, TR) – October 31, 2024

Inflation-Linked Bond Returns

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-5YR	-0.66	2.50	1.43	2.11	4.28	10.24	6.86	7.30
	5-10YR	-2.37	0.74	0.68	1.36	2.72	8.59	9.17	9.62
	20+YR	-4.89	-1.87	0.49	1.16	-0.99	4.67	14.93	15.40
UK	1-5YR	-0.24	-1.34	0.20	1.09	1.31	8.02	4.40	11.06
	5-10YR	-1.50	-2.59	-1.18	-0.30	-1.54	4.97	3.96	10.60
	20+YR	-3.16	-4.23	-2.89	-2.02	-10.21	-4.27	6.27	13.06
EUxUK	1-5YR	0.13	0.50	1.17	2.34	1.81	5.78	2.36	5.57
	5-10YR	-0.94	-0.57	0.07	1.22	-0.42	3.46	2.22	5.42
	20+YR	-1.94	-1.57	-1.38	-0.24	-6.37	-2.72	4.96	8.24
Japan	1-5YR	0.70	-2.43	0.36	2.55	0.37	-1.80	0.98	0.81
	5-10YR	0.75	-2.38	0.74	2.94	0.85	-1.32	2.71	2.53
EM	1-5YR	0.54	-0.57	2.60	-0.42	7.45	-3.16	10.28	-2.67
	5-10YR	-0.93	-1.91	1.53	-0.70	2.69	-5.22	8.30	-1.08
	20+YR	-3.14	-4.57	-0.36	-2.95	-5.33	-14.16	5.09	-5.39
Germany	1-5YR	0.13	0.50	1.17	2.34	1.81	5.78	2.36	5.57
	5-10YR	-0.94	-0.57	0.07	1.22	-0.42	3.46	2.22	5.42
	20+YR	-1.94	-1.57	-1.38	-0.24	-6.37	-2.72	4.96	8.24
Italy	1-5YR	-0.26	0.11	1.29	2.46	2.80	6.81	5.39	8.69
	5-10YR	-0.94	-0.57	1.54	2.71	3.93	7.98	10.68	14.15
	20+YR	-1.21	-0.84	2.22	3.40	3.97	8.02	24.35	28.25
Spain	1-5YR	-0.23	0.14	1.06	2.22	1.89	5.86	3.33	6.56
	5-10YR	-0.96	-0.59	0.64	1.80	2.06	6.04	5.97	9.29
France	1-5YR	-0.17	0.20	0.69	1.85	0.44	4.36	1.78	4.97
	5-10YR	-0.99	-0.63	-0.28	0.87	-1.91	1.92	1.49	4.67
	20+YR	-1.38	-1.01	-1.64	-0.51	-10.87	-7.40	5.23	8.53
Sweden	1-5YR	-0.13	-2.38	0.29	1.83	2.29	1.85	4.15	9.20
	5-10YR	-0.21	-2.46	0.23	1.77	2.29	1.85	7.82	13.05
Australia	1-5YR	-1.41	-3.95	0.06	0.89	1.29	2.79	4.00	8.03
	5-10YR	-2.76	-5.27	-0.18	0.65	-0.32	1.15	6.41	10.54
	20+YR	-9.03	-11.38	-4.37	-3.58	-13.11	-11.83	7.84	12.02
NZ	5-10YR	-0.82	-4.27	0.23	1.80	3.42	2.77	10.79	13.82
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-0.63	-0.63	0.75	0.75	2.57	2.57	#DIV/0!	#DIV/0!

Indices used: FTSE Canada RRB Canada Bond Index.

Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Canadian Historical Bond Yields % as of October 31, 2024

Canadian Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1-3YR	7-10YR	20+YR	All Mat
Canada	Current	3.06	3.15	3.28	
	3M Ago	3.44	3.12	3.23	
	6M Ago	4.29	3.81	3.72	
	12M Ago	4.55	4.08	3.93	
IL	Current			1.49	
	3M Ago			1.47	
	6M Ago			1.96	
	12M Ago				
Provincial	Current	3.22	3.64	4.22	3.84
	3M Ago	3.52	3.65	4.21	3.90
	6M Ago	4.44	4.38	4.70	4.55
	12M Ago	4.71	4.71	4.95	4.82
Ontario	Current	3.21	3.63	4.19	3.80
	3M Ago	3.52	3.67	4.19	3.87
	6M Ago	4.45	4.37	4.68	4.53
	12M Ago	4.71	4.72	4.94	4.81
Quebec	Current	3.22	3.68	4.21	3.87
	3M Ago	3.56	3.61	4.18	3.90
	6M Ago	4.42	4.37	4.68	4.54
	12M Ago	4.65	4.71	4.91	4.80
Alberta	Current	3.19	3.51	4.24	3.74
	3M Ago	3.48	3.56	4.23	3.83
	6M Ago	4.43	4.33	4.69	4.51
	12M Ago	4.73	4.65	4.95	4.79
BC	Current	3.21	3.65	4.23	3.87
	3M Ago	3.43	3.70	4.22	3.92
	6M Ago	4.47	4.38	4.69	4.55
	12M Ago	4.77	4.69	4.94	4.82
Municipal	Current	3.27	3.73	4.41	3.92
	3M Ago	3.59	3.72	4.41	4.00
	6M Ago	4.46	4.46	4.91	4.66
	12M Ago	4.74	4.78	5.18	4.94
Corporate	Current	3.92	4.45	4.88	4.26
	3M Ago	4.29	4.55	4.94	4.51
	6M Ago	5.12	5.25	5.39	5.21
	12M Ago	5.87	5.92	5.85	5.88
High Yield	Current				6.20
	3M Ago				6.60
	6M Ago				6.82
	12M Ago				8.32

		1-5YR	5-10YR	20+YR	All Mat
AAA/AA	Current	3.67	4.12	4.50	3.74
	3M Ago	4.01	4.20	4.48	4.05
	6M Ago	4.85	4.87	4.89	4.85
	12M Ago	5.57	5.61	5.24	5.56
A	Current	3.84	4.22	4.70	4.16
	3M Ago	4.22	4.30	4.75	4.40
	6M Ago	5.04	4.98	5.16	5.07
	12M Ago	5.78	5.62	5.57	5.70
BBB	Current	4.11	4.57	5.18	4.48
	3M Ago	2.13	1.77	2.12	4.72
	6M Ago	2.41	2.24	2.44	5.43
	12M Ago	2.79	2.34	2.38	6.14
Comm	Current	4.45	5.25	4.07	4.49
	3M Ago	4.55	5.27	4.47	4.67
	6M Ago	5.19	5.74	5.29	5.29
	12M Ago	5.95	6.32	5.98	5.96
Energy	Current	4.07	4.56	4.94	4.56
	3M Ago	4.47	4.67	5.01	4.75
	6M Ago	5.29	5.36	5.46	5.38
	12M Ago	5.98	6.02	5.99	6.00
Financial	Current	3.89	4.38	4.74	3.95
	3M Ago	4.26	4.50	4.83	4.30
	6M Ago	5.08	5.19	5.28	5.09
	12M Ago	5.86	6.00	5.79	5.87
Industrial	Current	3.89	4.41	4.93	4.26
	3M Ago	4.21	4.49	4.97	4.46
	6M Ago	5.08	5.16	5.44	5.19
	12M Ago	5.72	5.73	5.91	5.77
Infrastructure	Current	3.71	4.22	4.73	4.49
	3M Ago	3.98	4.32	4.77	4.58
	6M Ago	4.82	5.01	5.23	5.13
	12M Ago	5.39	5.52	5.61	5.56
Securitization	Current	3.77			3.80
	3M Ago	4.21			4.21
	6M Ago	5.08			5.08
	12M Ago	5.80			5.81

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

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Appendix – Historical Bond Yields % as of October 31, 2024

Global Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	4.21	4.16	4.26	4.57	1.86	1.88	2.19	5.18	7.48
	3M Ago	4.38	3.99	4.02	4.42	2.13	1.77	2.12	5.16	7.81
	6M Ago	5.09	4.80	4.69	4.85	2.41	2.24	2.44	5.75	8.22
	12M Ago	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.46
UK	Current	4.38	4.23	4.37	4.80	0.58	0.70	1.46		
	3M Ago	4.19	3.82	3.89	4.47	0.27	0.37	1.25		
	6M Ago	4.64	4.31	4.28	4.72	0.30	0.49	1.38		
	12M Ago	4.67	4.29	4.30	4.78	0.54	0.56	1.38		
Japan	Current	0.39	0.50	0.80	2.12	-1.08	-0.57			
	3M Ago	0.37	0.57	0.94	2.11	-1.19	-0.59			
	6M Ago	0.21	0.39	0.76	1.86	-1.21	-0.76			
	12M Ago	0.09	0.30	0.75	1.71	-1.84	-0.76			
China	Current	1.49	1.72	2.12	2.37					
	3M Ago	1.53	1.76	2.10	2.38					
	6M Ago	1.89	2.06	2.34	2.61					
	12M Ago	2.27	2.42	2.64	3.03					
EM	Current	3.21	3.43	4.04	3.77	6.04	5.46	5.91	5.33	7.71
	3M Ago	3.19	3.48	4.18	3.73	5.77	5.23	5.69	5.41	7.93
	6M Ago	3.42	3.86	4.56	3.94	5.65	5.21	5.67	6.01	9.15
	12M Ago	3.71	4.24	4.78	4.47	4.11	4.44	5.17	6.71	11.34
Germany	Current	2.29	2.16	2.32	2.57	1.32	0.50	0.55		
	3M Ago	2.62	2.25	2.21	2.50	1.57	0.40	0.43		
	6M Ago	3.08	2.67	2.53	2.69	1.12	0.46	0.43		
	12M Ago	3.09	2.47	2.41	2.70	1.17	0.35	0.28		
Italy	Current	2.71	2.86	3.40	4.05	1.27	1.52	1.86		
	3M Ago	2.99	2.97	3.43	4.10	1.45	1.58	1.87		
	6M Ago	3.45	3.38	3.68	4.24	1.25	1.54	1.79		
	12M Ago	3.77	3.23	3.82	4.49	1.54	1.91	2.07		
France	Current	2.48	2.64	2.96	3.50	0.94	0.94	1.20		
	3M Ago	2.78	2.68	2.87	3.40	0.98	0.81	1.05		
	6M Ago	3.17	2.93	2.96	3.39	0.72	0.65	0.86		
	12M Ago	3.21	2.55	2.68	3.20	0.78	0.54	0.76		
Sweden	Current	1.84	1.89	2.07		0.71	0.42			
	3M Ago	2.15	1.96	1.98		0.95	0.51			
	6M Ago	3.14	2.68	2.50		1.60	0.85			
	12M Ago	3.43	2.20	2.18		1.24	0.75			
Australia	Current	4.06	4.04	4.42	4.97	1.81	1.97	2.46		
	3M Ago	3.86	3.76	4.07	4.62	1.38	1.56	2.04		
	6M Ago	4.16	4.05	4.36	4.75	1.40	1.71	2.06		
	12M Ago	4.49	3.72	4.00	4.38	0.90	1.32	1.63		
NZ	Current	3.81	3.91	4.41	5.01	0.00	2.42			
	3M Ago	4.21	4.04	4.31	4.81	2.47	2.21			
	6M Ago	5.16	4.77	4.85	5.17	2.29	2.51			
	12M Ago	5.49	4.29	4.39	4.68	1.53	2.20			
Canada	Current	3.06		3.15	3.28			1.49	4.26	6.20
	3M Ago	3.44		3.12	3.23			1.47	4.51	6.60
	6M Ago	4.29		3.81	3.72			1.96	5.21	6.82
	12M Ago	4.55		4.08	3.93				5.88	8.32

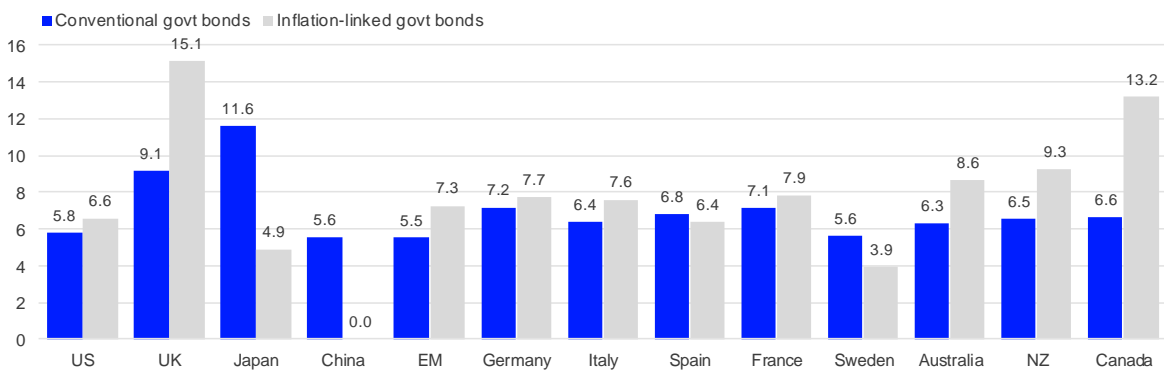
Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Duration and Market Value (USD, Bn) – October 31, 2024

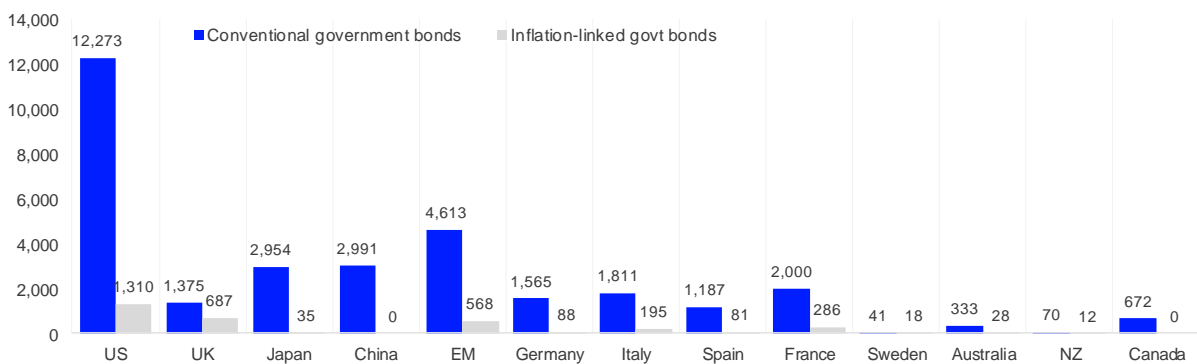
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.6	7.1	16.4	5.8	2,882.6	1,199.7	1,413.1	12,272.9	7.1	21.3	6.6	423.2	121.7	1310.5
UK	3.6	7.2	17.9	9.1	191.1	240.7	330.6	1,374.5	7.5	26.9	15.1	127.1	231.8	687.3
Japan	3.9	8.3	23.1	11.6	347.6	411.3	595.1	2,953.6	8.0		4.9	14.0		34.9
China	3.7	7.6	18.0	5.6	697.7	498.5	323.0	2,990.8						
EM	3.6	7.1	16.4	5.5	1004.72	791.36	427.76	4,613.3	5.9	13.0	7.3	96.0	146.1	567.8
Germany	3.6	7.7	21.2	7.2	337.25	235.64	170.35	1,565.3	6.2	20.6	7.7	44.2	18.0	88.2
Italy	3.6	7.2	17.0	6.4	310.61	282.33	152.99	1,810.7	7.1	25.3	7.6	59.3	5.7	195.4
Spain	3.7	7.2	17.8	6.8	249.38	215.17	118.97	1,186.6	7.2		6.4	51.1		81.5
France	3.6	7.4	19.2	7.1	415.42	341.01	241.51	1,999.8	6.6	23.7	7.9	77.2	21.7	286.3
Sweden	3.4	7.5		5.6	6.76	10.02		41.0	6.4		3.9	5.9		18.4
Australia	3.5	7.2	16.2	6.3	50.71	97.32	19.18	332.9	6.2	21.3	8.6	10.6	2.6	28.1
NZ	3.8	7.2	15.7	6.5	13.59	17.74	5.25	69.7	5.3		9.3	3.2		11.6
Canada		6.8	16.9	6.6		237.70	122.94	671.5		13.2	13.2			68.6

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.2	8.4	7.1	6.6	6.9	75.6	459.3	2,812.8	3,659.7	7,007.5	3.8	1,254.9
Euro	6.0	4.8	4.6	4.2	4.4	15.5	221.9	1,270.9	1,601.3	3,109.6	3.1	353.3
EM		6.6	5.5	5.4	5.5		37.96	207.81	235.5	481.2	3.6	190.0

Average Duration



Total Market Value (USD Billions)

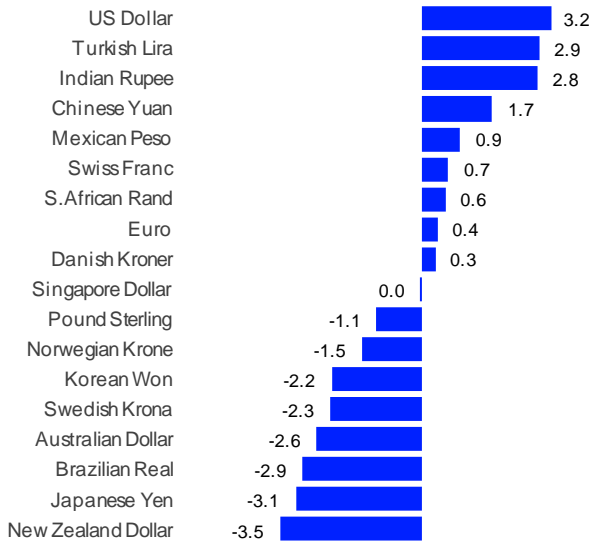


Indices used: FTSE Canada Non-Agency Bond Index (Mid, Long, Overall), FTSE Canada RRB Canada Bond Index.

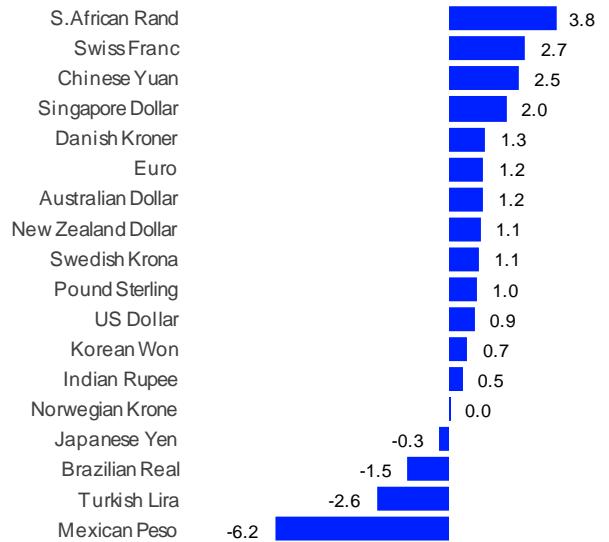
Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Foreign Exchange Returns % as of October 31, 2024

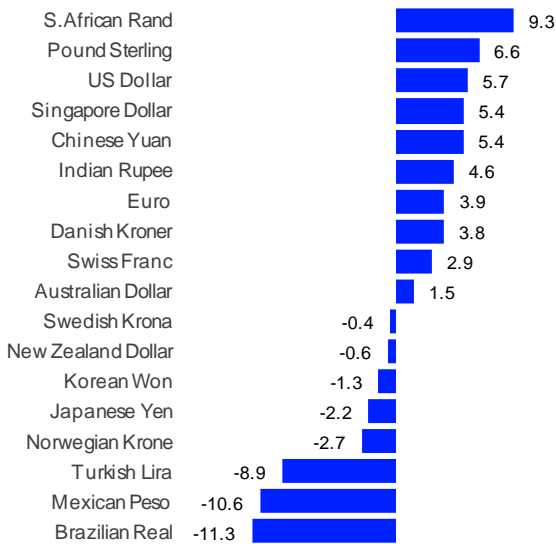
FX Moves vs CAD - 1M



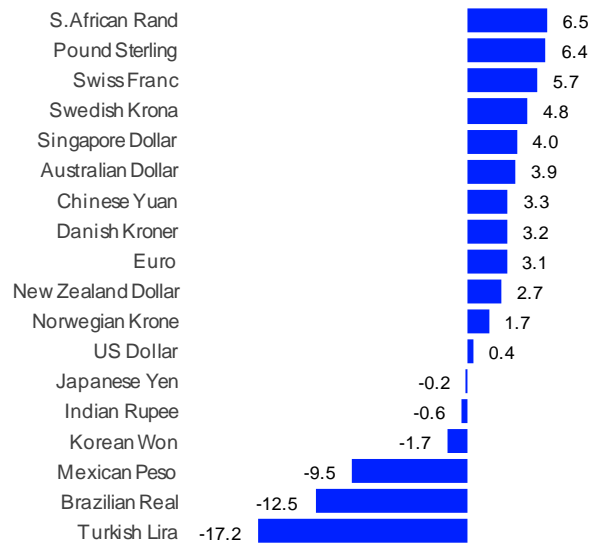
FX Moves vs CAD - 3M



FX Moves vs CAD - YTD



FX Moves vs CAD - 12M



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Appendix – Glossary

Bond markets are based on the following indices:

FTSE Canada Universe Bond Index for all Canadian government and corporate bond markets*

FTSE Canada High Yield Bond Index for the Canadian high yield market

FTSE Canada RRB Canada Index for the Canadian inflation-linked bond market

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation-linked bond markets

FTSE US Broad Investment-Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment-Grade Bond Index (EuroBIG®) for the Euro-denominated corporate bond market

FTSE European High-Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation-linked bond market

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

List of Abbreviations used in charts:

IL = Inflation-linked bonds

IG = Investment-grade bonds

HY = High-yield bonds

BPS = Basis points

EM = Emerging market

LC = Local currency

*** FTSE Canada Bond Indexes**

1-3YR = Short Term Bond Indices

7-10YR = Mid Term Bond Indices

20+ YR = Long Term Bond Indices



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